

**ANNUAL REPORT
OF THE
BOARD FOR THE COORDINATION OF
CHILD CARE REGULATION**



**Indiana Legislative Services Agency
200 W. Washington Street, Suite 301
Indianapolis, Indiana 46204**

November, 2002

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A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Committee can be accessed from the General Assembly Homepage at <http://www.state.in.us/legislative/>.

I. STATUTORY DIRECTIVE

The Indiana General Assembly enacted IC 12-17.2-3.1 directing the Board to study the laws governing the regulation of child care and make recommendations to the General Assembly concerning changes in the law the Board finds are appropriate. The Board's program of study includes a study of the following topics:

- (1) The need for changes in the scope and degree of child care regulation established by statute or rule, or both.
- (2) The need to reorganize governmental units involved in the regulation of child care facilities to promote effective and efficient child care regulation, including the form that a needed reorganization should take.
- (3) A method for the completion of a statewide needs assessment to determine the availability and projected need for safe and affordable child care.
- (4) The need for programs to meet the needs of Indiana residents if the Board determines that safe and affordable child care facilities are not available and easily accessible to Indiana residents.
- (5) The effect of pending and enacted federal legislation on child care in Indiana and the need for statutory changes to qualify for federal child care grants and to comply with federal child care requirements.
- (6) The immunization rates at licensed child care centers to determine if children at the centers have received age appropriate immunizations.

II. INTRODUCTION AND REASONS FOR STUDY

The Board met to study child care as outlined in IC 12-17.2-3.1-11. The Board originally expired on November 1, 1997. The Board was reestablished by P.L. 211-1999, beginning July 1, 1999 with an expiration date of November 1, 2001. During the 2001 legislative session, the General Assembly enacted P.L. 96-2001, extending the Board's expiration date from November 1, 2001, to November 1, 2004.

III. SUMMARY OF WORK PROGRAM

The Board met five times during the 2002 interim.

First Meeting

The first meeting of the Board was held on September 5, 2002. The Board considered testimony related to:

- (1) the effect of changes in administration of the Temporary Assistance to Needy Families (TANF) program on the Child Care and Development Fund (CCDF) voucher program;
- (2) the effect of CCDF minimum standards enacted during the 2002 legislative session; and
- (3) a report of activities of the state fire marshal with respect to compliance with fire and safety laws in Indiana.

Second Meeting

The second meeting of the Board was held on September 26, 2002. The Board:

- (1) considered testimony concerning:
 - (A) child care funding;
 - (B) CCDF minimum standards; and

- (C) preschool regulation; and
- (2) reviewed proposed child care center administrative rules.

Third Meeting

The third meeting of the Board was held on October 10, 2002. The Board considered:

- (1) testimony concerning:
 - (A) Family and Social Services Administration updates including proposed rules for CCDF minimum standards and a playground issue from the 2001 interim;
 - (B) kith and kin issues; and
 - (C) preschool regulation;
- (2) proposed child care center administrative rules; and
- (3) proposed legislation concerning minimum standards for child care providers.

Fourth Meeting

The fourth meeting of the Board was held on October 24, 2002. The Board considered:

- (1) testimony concerning:
 - (A) child care system problems; and
 - (B) kith and kin issues related to licensure requirements;
- (2) proposed legislation and final report recommendations; and
- (3) recommendations concerning proposed child care center administrative rules.

Fifth Meeting

The fifth meeting of the Board was held on October 31, 2002. The Board considered:

- (1) the final report of the Board;
- (2) proposed legislation for the 2003 session of the General Assembly;
- (3) proposed child care center administrative rules.

IV. SUMMARY OF TESTIMONY

The Board heard testimony from representatives of the following groups:

- (1) Family and Social Services Administration (FSSA).
- (2) County Step Ahead councils.
- (3) Children's Coalition for Indiana
- (4) Indiana Business Partnership Specialists
- (5) Indiana Head Start
- (6) Foster Grandparent Program, Ft. Wayne
- (7) Indiana Association for the Education of Young Children.
- (8) Parents.
- (9) Child care providers.
- (10) Indiana University
- (11) Healthy Child Care, Indiana.
- (12) Indiana Coalition on Housing and Homeless Issues
- (13) Michigan City Child Care Consortium
- (14) Child Care Professional Network
- (15) IARCCA an Association of Children and Family Services

Activities Related to Child Care Funding

The Board heard testimony concerning the effect of CCDF administration changes related to decreased availability of TANF money to assist with child care funding. Discussion regarding the consequences of the changes included: (a) changes in eligibility limits; (b) waiting lists; (c) communications to families and providers; and (d) provider participation. The Board considered information concerning: (a) other states' use of funding for child care; and (b) possible additional sources of child care funding, including employer participation, copayment changes, and tax incentives for employer participation.

Minimum Standards for Child Care and Development Fund Providers

The Board heard testimony and discussed application, assessment, interpretation, and consequences of the CCDF provider minimum standards enacted in 2001 and 2002. Specifically discussed were: (a) application of certain minimum standards to volunteers and others; (b) cost consequences of minimum standards; (c) potential decrease in the number of CCDF providers; and (d) practicality of minimum standards.

Child Care Center Administrative Rules

The Board reviewed and discussed proposed child care center administrative rules. Specifically discussed were: (a) disparity in requirements that apply among different types of child care providers; (b) perceived need for licensure of all child care providers; (c) conformity of the proposed rules with national guidelines; and (d) history of child care center rules and the development of the proposed rules.

Kith and Kin Issues

Information was presented concerning the number of children who are cared for by relatives while parents are working. The Board discussed: (a) education and training of caregivers; (b) reimbursement of certain individuals under the CCDF program; and (c) current law concerning inclusion of children who are related to the caregiver in the total number of children who may be cared for before licensing is required.

Preschool Regulation

The Board heard testimony concerning the perceived need for regulation of preschools, and consequences of not regulating preschools, including health and safety issues. Information was provided to the Board concerning approaches of other states to regulation of child care and preschools.

Playground Equipment Safety

The Board heard testimony concerning:

- (1) evaluation by a national organization of the status of child care center playground safety in Indiana; and
- (2) grants provided to child care centers to improve playground safety.

Child Care System

The Board heard testimony from parents of children who died while in licensed and unlicensed child care. Testimony included the following statistics:

- (1) Indiana's licensed and registered child care providers are not legally required to meet a significant portion of nationally recognized health and safety guidelines.
- (2) 30 child fatalities have occurred since May, 1999, including:
 - (A) 98% in home child care;
 - (B) 50% in unlicensed home care;
 - (C) 0% in licensed child care centers; and
 - (D) 80% were age 10 months or less.

V. COMMITTEE FINDINGS AND RECOMMENDATIONS

The Board made the following findings of fact and recommendations:

Activities Related to Child Care Funding

The Board finds that studies reveal that child care subsidies increase tax revenues because parents who receive child care subsidies are able to work and pay more in taxes than the cost of the subsidies to the government. An example from a 1996 study reflected that in North Carolina "a family earning \$20,000 per year received \$2,100 in child care subsidies, but returned \$3,924 to government in the form of taxes"¹.

The Board supports exploration of additional sources of child care funding and suggests that the Indiana Chamber of Commerce and employers be asked to become more involved in the child care funding issue, particularly with respect to methods of encouraging employer participation in child care funding for employees.

The Board supports Congressional reauthorization of TANF with an emphasis on the use of TANF funding for child care subsidies such as those provided through the CCDF program. Additionally, the Board supports an increase in funding for child care through the federal CCDF program.

Minimum Standards for Child Care and Development Fund Providers

The Board finds that clarification of minimum standards enacted by the General Assembly in 2001 and 2002 is necessary.

PD 3754, as amended, provides this clarification.

The Board, by a voice vote of 11 -0, adopted PD 3754, as amended, for introduction during the 2003 session of the General Assembly.

Child Care Center Rules

The Board finds a strong commitment among Board membership to continue to enhance the quality of all child care settings, however, there are concerns about:

- (1) the implementation and fiscal impact of implementation of the proposed child care center rules on the availability of licensed, quality child care in Indiana; and
- (2) a disparity in application of regulations to different types of child care settings.

The Board, by a voice vote of 8 - 2 with 1 abstention, declined to recommend the promulgation of the proposed child care center rules at this time. (Although a majority of the members present voted in favor of the motion, the enabling legislation for the Board provides that the affirmative votes of a majority of the members of the board are required for the board to take action on any measure. At least 9 votes were required for approval of this motion.)

Kith and Kin Issues

The Board finds that the current exemption from licensure of child care providers who care for 5 or

¹National Conference of State Legislatures, Investing in Our Future, A Guide to Child Care Financing, June, 2002, p. 2.

fewer unrelated children and an unlimited number of related children is unacceptable.

PD 3747 requires licensure of child care providers who care for 1 or more unrelated children for more than 4 hours per day and receive regular compensation for providing child care not less than 20 hours per week for each of 2 consecutive weeks per year.

The Board, by a voice vote of 11- 0, adopted PD 3747 for introduction during the 2003 session of the General Assembly.

Preschool Regulation

The Board finds that the current exemption of preschools from regulation is unacceptable.

PD 3746 requires registration of preschools.

The Board, by a voice vote of 10 - 0 with 1 abstention, adopted PD 3746 for introduction during the 2003 session of the General Assembly.

Playground Equipment Safety

The Board finds that Indiana falls below the national standard for playground equipment safety.

The Board recommends that FSSA continue to support child care providers in improving playground equipment safety.

Child Care System

The Board finds that the safety and health of all children in child care is compromised by the lack of a comprehensive and coordinated system of regulation of all child care providers.

The Board, to assure the health, safety, and well being of all children, emphasizes that it is critical that the Board prioritize, during the 2003 interim, the licensure of all child care settings to assure movement toward a consistent, integrated child care service system.

WITNESS LIST

Kathryn Azhar, Infant Daycare
John Boyce, Director, Division of Family and Children, FSSA
Brandi Burns, Learning Universe
Sr. Catherine Marie, St. Vincent's Daycare, Evansville
Deborah Chubb, Michigan City Child Care Consortium
Ellen Clippinger, advocating for licensing and standards
Beryl Cohen, Indiana Coalition on Housing and Homeless Issues
Patricia Cole, Healthy Child Care, Indiana
Julia Dadds, Head Start, and Monroe County Step Ahead Council
Jeanette DeVore, Foster Grandparent Program, Ft. Wayne
Tim Dunnuck, Indiana University, Bloomington
Beth Eiler, Bureau of Child Development, FSSA
Nancy Flenner, Step Ahead of Allen County
Lisa Freeman, Allen County Head Start
Randy Garratt, Indiana Association for the Education of Young Children
Cathy Graham, IARCCA an Association of Children and Family Services
Linda Henry, Campus View Child Care Center, Bloomington
Jan Keltz, Indiana Business Partnership Specialists
Jan Levy, Child Care Professional Network
Cheryl Miller, Indiana Head Start Association
Barbara Nelson, child care provider, Muncie
Gwen Parker, parent, Indianapolis
Louise Riley, parent
Candes Shelton, Children's Coalition for Indiana
Marilyn Solomon, Early Learning Center, and Marion County Step Ahead Council
Mara Snyder, Office of State Fire Marshal
Carol Spencer, Indiana University Child Care Centers
Staci Tober, parent, Indianapolis
John Williams, parent, Terre Haute